GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7842
ANSWERED ON:17.05.2002
SETTING UP OF BANKS IN SEZ`S
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government are going to allow foreign banks to set up Overseas Banking Units (OBUs) in the designated Special Economic Zones (SEZs) to enable the export production units to access cost effective debt equity and working capital funds;

(b) if so, whether earlier the Government have rejected this proposal for setting up financial centres in SEZs;

(c) if so, the main idea behind rejection of this proposal;

(d) whether RBI has fixed the norms of setting up OBUs;

(e) if so, the details thereof; and

(f) the nature of services likely to be provided by these OBUs and to what extent the export is likely to be helped by OBUs in SEZs ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a),(b),(c),(d),(e)&(f): According to Exim Policy 2002-2007, OffshoreBanking Units will be permitted to be set up in Special Economic Zones. Reserve Bank of India (RBI) is in the process of framing guidelines for setting up such units.